

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 3**

Annual Financial Statements

December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/19/10

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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 3

We have audited the accompanying financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of St. Tammany Parish Fire Protection District No. 3 (the District), a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2009. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District as of December 31, 2009, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 6 and the budgetary comparison schedule on page 24 are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


A Professional Accounting Corporation

March 31, 2010

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3 Management's Discussion and Analysis

For the Year Ended December 31, 2009

Our discussion and analysis of St. Tammany Parish Fire Protection District No. 3's (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2009.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

Financial Highlights

The financial statements included in this report provide insight into the financial status for the year-end. Based upon the operation of 2009, the District's net assets increased by \$226,163 and resulted in ending net assets of \$2,363,013.

Total spending for the governmental activity was \$1,523,134 for the year, which was \$226,163 less than the taxes, grants, contributions, charges for services and investment earnings received for this activity of \$1,749,297.

The interest earned on checking accounts and investments in certificates of deposit was \$776 for the year.

Using This Annual Report

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 8 and 9 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the basic financial statements are fairly stated. The auditor is providing varying degrees of assurance regarding the required supplemental information, the levels of which are illustrated in the auditor's report.

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 8. These statements help to illustrate the status of the District resulting from the activities of the last year. The statements included all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The District's net assets are determined by examining the difference in assets and liabilities. Examining the District's net assets is an effective way to determine the financial status of the District. Increases and decreases in net assets are indicators of the District's overall increasing or decreasing financial performance.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Management's Discussion and Analysis

For the Year Ended December 31, 2009

The Statement of Net Assets and the Statement of Activities (Continued)

In the Statement of Net Assets and the Statement of Activities, the District reports only governmental type activities. The majority of the District's activities are of this type; taxes and grants finance most of the activities.

As with other sections of this financial report, the information contained with this MD&A should be considered only a part of the greater whole. The readers of this statement should take the time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

Fund Financial Statements

The analysis of the District's major funds begins on page 10. The fund financial statements provide detailed information about the most significant funds rather than the District as a whole.

The District uses a governmental type fund. All of the District's services are reported in the general fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation of the fund financial statement on page 12.

The District's Funds

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's general fund reported a fund balance of \$1,392,371. This reflects an increase of \$172,322 from last year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 13 of this report.

General Fund Budgetary Highlights

Information on the District's General Fund balance is reported on page 10. The General Fund's budgetary information is reported in the budgetary comparison schedule on page 24.

Capital Assets

At the end of 2009, the District had \$1,461,283 invested in capital assets, including land, building, fire fighting and rescue equipment, communication equipment, other equipment, vehicles and computers net of accumulated depreciation of \$1,128,794. More detailed information about the District's capital assets is presented in Note 5 of the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Management's Discussion and Analysis

For the Year Ended December 31, 2009

Debt

At year-end, the District had \$417,000 in certificates of indebtedness outstanding. More detailed information is presented in Notes 6 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2010.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Charles A. Flynn, III, Fire Chief, P.O. Box 849, Lacombe, Louisiana 70445.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Statement of Net Assets
December 31, 2009

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 43,174
Receivables - Ad Valorem Taxes	1,269,092
Receivables - Revenue Sharing	35,304
Receivable - Other	1,189
Receivables - Emergency Medical Services	26,911
Prepaid Expenses	32,768
Capital Assets	
Land	287,350
Depreciable Buildings, Property, and Equipment, Net	<u>1,173,933</u>
Total Assets	<u>2,869,721</u>
Liabilities	
Accounts Payable	16,067
Accrued Interest	5,757
Compensated Absences	67,884
Noncurrent Liabilities	
Due Within One Year	124,000
Due in More Than One Year	<u>293,000</u>
Total Liabilities	<u>506,708</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,044,283
Reserved for Contingencies	13,560
Unrestricted	<u>1,305,170</u>
Total Net Assets	<u><u>\$ 2,363,013</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					Governmental Activities
Public Safety - Fire Protection	\$ 1,429,609	\$ -	\$ 152,801	\$ 9,547	\$ (1,267,261)
Public Safety - Emergency Medical Services	74,145	213,700	-	54,777	194,332
Interest on Long-Term Debt	19,380	-	-	-	(19,380)
Total	\$ 1,523,134	\$ 213,700	\$ 152,801	\$ 64,324	(1,092,309)
General Revenues					
Taxes					
Property Taxes					1,210,612
State Revenue Sharing					50,336
2% Fire Tax					29,581
Other Income					27,167
Interest and Investment Earnings					776
Total General Revenues					1,318,472
Change in Net Assets					226,163
Net Assets, Beginning of Year					2,136,850
Net Assets, End of Year					\$ 2,363,013

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Balance Sheet
Governmental Fund
December 31, 2009

	General Fund
Assets	
Cash and Cash Equivalents	\$ 43,174
Receivables - Ad Valorem Taxes	1,269,092
Receivables - Other	1,189
Receivables - Revenue Sharing	35,304
Receivables - Emergency Medical Services	26,911
Prepaid Expenses	32,768
Total Assets	\$ 1,408,438
Liabilities	
Accounts Payable	\$ 16,067
Total Liabilities	16,067
Fund Balance	
Reserved for Contingencies	13,560
Unreserved, Undesignated	1,378,811
Total Fund Balance	1,392,371
Total Liabilities and Fund Balance	\$ 1,408,438
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	
Total Fund Balance	\$ 1,392,371
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,461,283
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(484,884)
Accrued interest on long-term liabilities is not reported in the governmental funds.	(5,757)
Net Assets of Governmental Activities	\$ 2,363,013

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2009

	General Fund
Revenues	
Ad Valorem Taxes	\$ 1,210,612
Emergency Medical Services	213,700
Grant	64,324
Folgers Payment	60,000
Donations	53,822
Revenue Sharing	50,336
FEMA Income	38,979
2% Fire Tax	29,581
Miscellaneous	27,167
Earnings on Investments	776
Total Revenues	1,749,297
Expenditures	
Public Safety - Fire Protection	
Salaries	714,583
Insurance	105,245
Health Insurance	101,695
Retirement	90,901
Professional Fees	46,636
Vehicles - Repairs	31,094
Training	26,178
Office Supplies	23,522
Supplies	21,357
Repairs	18,525
Utilities	18,075
Turn Out Gear	17,993
Vehicles - Fuel	15,669
Communication	14,217
Miscellaneous	10,612
Uniforms	5,825
Payroll Taxes	4,414
Per Diem	2,800
Advertisement	452
Public Safety - Emergency Medical Services	
Medical Supplies	29,360
Ambulance Fuel	10,436
EMS Training	5,137
Other	886
Capital Outlay - Equipment	129,740
Debt Service - Principal	118,000
Debt Service - Interest	13,623
Total Expenditures	1,576,975
Net Change in Fund Balance	172,322
Fund Balance, Beginning of Year	1,220,049
Fund Balance, End of Year	\$ 1,392,371

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2009

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net Change in Fund Balance - Total Governmental Fund	\$ 172,322
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(42,348)
The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	118,000
Change in Accrued Interest Payable	1,115
Change in Compensated Absences Payable	1,198
Loss on Disposal of Capital Assets	<u>(24,124)</u>
Change in Net Assets of Governmental Activities	<u>\$ 226,163</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of the St. Tammany Parish Fire Protection District No. 3 (the District) is to provide fire protection in that area of St. Tammany Parish (the Parish), which includes Lacombe. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

Reporting Entity

The District was created in 1954, by Ordinance 3017 of the St. Tammany Parish Council. The District is governed by a Board of Commissioners, which is appointed by the St. Tammany Parish Council. The District consists of five Commissioners who serve two-year terms.

As the governing authority of the Parish, for financial reporting purposes, the St. Tammany Parish Government is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (Parish Council) (b) organizations for which the primary governments are financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Parish Council appoints all members of the District and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental fund:

General Fund

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that would be required to be accounted for in other funds, if any.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts, lapse at year-end.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The District's employees earn varying amounts of vacation and sick leave each year. Employees cannot accrue sick leave; however, vacation leave may be accrued, up to thirty days, and used to supplement sick leave in the event of catastrophic illness. At termination or retirement, employees may be paid for unused vacation. However, sick leave is forfeited. At December 31, 2009, the District had compensated absences of \$67,884, which is reported as a liability on the Statement of Net Assets.

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Accounts Receivable - Medical Services

Residents, who use the emergency medical transportation service provided by the District, are charged a fee ranging from \$200 to \$530 based on the type of medical care. Mileage is billed at \$6.74 per mile.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Assets

All capital assets are recorded at historical costs in the government wide financial statements. Depreciation of all exhaustible capital assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes for depreciation purposes equipment over \$2,500.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

The following estimated useful lives and methods are used to compute depreciation:

Buildings	30 Years	Straight Line
Vehicles	5 Years	Straight Line
Equipment	10 - 15 Years	Straight Line
Computers	5 Years	Straight Line

Depreciation expense amounted to \$162,207 for the year ended December 31, 2009.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consist of capital assets including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets - consist of net assets with constraints placed on their use either by external groups or law.
- c. Unrestricted net assets - consist of all other net assets that do not meet the definition of "restricted" or "invested in capital assets; net of related debt."

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or that are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 2. Ad Valorem Taxes

Property taxes for the operations and bond debt service of the District are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2009.

Taxes are due and payable December of the following year. Property tax revenues are recognized when levied to the extent that they are determined to be correctly collectible.

The following is a summary of authorized and levied Ad Valorem taxes:

	Authorized	Levied	Expiration
Maintaining, acquiring, constructing, improving and operating fire protection and rescue services	5.00	5.00	2012
Maintaining, acquiring, constructing, improving and operating fire protection and rescue services	10.63	10.63	2012
Maintaining, acquiring, constructing, improving and operating fire protection and rescue services	10.00	10.00	2012
Maintaining, acquiring, constructing, improving and operating fire protection and rescue services	10.00	10.00	2019

Note 3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2009:

Demand Deposits, Unrestricted	<u>\$ 43,174</u>
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These deposits are stated at cost, which approximates market.

Custodial Credit Risk Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government does not have a deposit policy for custodial risk. As of December 31, 2009, the District has \$99,680 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3**Notes to Financial Statements**

Note 4. 2% Fire Insurance Tax

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that they serve. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct.

Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2009, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 237,350	\$ 50,000	\$ -	\$ 287,350
Capital Assets Being Depreciated				
Building	886,026	-	-	886,026
Firefighting and Rescue Equipment	520,953	55,936	(13,400)	563,489
Communication Equipment	67,800	-	(36,800)	31,000
Other Equipment	66,488	-	(13,337)	53,151
Vehicles	808,138	13,923	(53,000)	769,061
Computers	5,500	-	(5,500)	-
Total Capital Assets Being Depreciated	2,354,905	69,859	(122,037)	2,302,727
Less Accumulated Depreciation for:				
Building	(227,981)	(20,682)	-	(248,663)
Firefighting and Rescue Equipment	(260,778)	(74,823)	12,156	(323,445)
Communication Equipment	(53,482)	(4,019)	36,240	(21,261)
Other Equipment	(46,444)	(4,984)	12,617	(38,811)
Vehicles	(470,315)	(57,699)	31,400	(496,614)
Computers	(5,500)	-	5,500	-
Total Accumulated Depreciation	(1,064,500)	(162,207)	97,913	(1,128,794)
Total Capital Assets Being Depreciated, Net	1,290,405	(92,348)	(24,124)	1,173,933
Capital Assets, Net	\$1,527,755	\$ (42,348)	\$ (24,124)	\$1,461,283

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3**Notes to Financial Statements**

Note 6. Long-Term Debt

The following is a summary of bond transactions of the District for the year ended December 31, 2009:

	Certificate of Indebtedness
General Obligation:	
Payable at January 1, 2009	\$ 535,000
Additions	-
Retired	118,000
Payable at December 31, 2009	<u>\$ 417,000</u>
 Due Within One Year	 <u>\$ 124,000</u>

Details on the District's long-term debt as of December 31, 2009, are as follows:

\$160,000 of Certificate of Indebtedness dated February 28, 2007; balance due in annual principal installments, starting March 1, 2008, of \$21,000 - \$30,000 plus semi-annual interest payments through March 1, 2013; with interest at 4.65% secured by a pledge of Ad Valorem millages.	\$ 114,000
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\$600,000 Certificate of Indebtedness dated August 25, 2003; balance due in annual principal installments, starting March 1, 2004, of \$45,000 - \$71,000 plus semi-annual interest payments through March 1, 2013; with interest at 3.42% secured by a pledge of Ad Valorem millages.	270,000
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\$125,000 Certificate of Indebtedness dated November 17, 2006; balance due in annual principal installments, starting March 1, 2007 of \$30,000 - \$33,000 plus semi-annual interest payments through March 1, 2010; with interest at 4.2% secured by a pledge of Ad Valorem millages.	<u>33,000</u>
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Total	<u><u>\$ 417,000</u></u>
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ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

Certificates of Indebtedness are secured by an annual Ad Valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2009, the District had not exceeded this statutory limit.

The following is a schedule of future principal debt service requirements as of December 31, 2009:

December 31,	Certificate of Indebtedness		
	Principal	Interest	Total
2010	\$ 124,000	\$ 13,609	\$ 137,609
2011	94,000	9,405	103,405
2012	98,000	5,747	103,747
2013	101,000	1,939	102,939
Total	\$ 417,000	\$ 30,700	\$ 447,700

Note 7. Retirement System

Substantially all employees of the District are members of the Louisiana Firefighters Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

Notes to Financial Statements

Note 7. Retirement System (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy

Members of the System are required by state statute to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of System members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2009, 2008 and 2007 were \$90,901, \$84,025 and \$73,144, respectively, equal to the required contribution for each year.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2009, the District carried insurance through various commercial carriers to cover all risks of losses. The District has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 9. Expenditures in Excess of Appropriations

For the year ended December 31, 2009, expenditures exceeded appropriations in the General Fund by \$38,955. These over-expenditures were funded by greater than anticipated revenues in the General Fund.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 31, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 1,226,157	\$ 1,100,000	\$ 1,210,612	\$ 110,612
Donations	1,000	3,822	53,822	50,000
Earnings on Investments	8,000	658	776	118
Emergency Medical Services	180,000	226,682	213,700	(12,982)
Folgers Payment	60,000	60,000	60,000	-
Grant	-	64,324	64,324	-
Miscellaneous	2,000	15,444	27,167	11,723
Revenue Sharing	50,000	48,415	50,336	1,921
2% Fire Tax	29,122	29,122	29,581	459
FEMA Income	35,000	38,979	38,979	-
Total Revenues	1,591,279	1,587,446	1,749,297	161,851
Expenditures				
Public Safety - Fire Protection				
Salaries	682,133	702,643	714,583	(11,940)
Advertisement	3,200	450	452	(2)
Communication	19,000	14,000	14,217	(217)
Health Insurance	102,000	101,600	101,695	(95)
Insurance	152,800	138,773	105,245	33,528
Miscellaneous	3,300	4,950	10,612	(5,662)
Office Supplies	12,000	23,000	23,522	(522)
Per Diem	3,250	2,800	2,800	-
Payroll Taxes	3,000	4,500	4,414	86
Professional Fees	44,075	46,773	46,636	137
Retirement	85,570	90,000	90,901	(901)
Repairs	18,900	6,085	18,525	(12,440)
Supplies	7,000	6,300	21,357	(15,057)
Training	22,226	27,150	26,178	972
Turn Out Gear	16,000	18,800	17,993	807
Uniforms	5,000	6,100	5,825	275
Utilities	24,000	19,000	18,075	925
Vehicles - Fuel	20,000	16,200	15,669	531
Vehicles - Repairs	30,000	30,000	31,094	(1,094)
Public Safety - Emergency Medical Services				
Ambulance Fuel	14,000	10,400	10,436	(36)
EMS Training	3,000	5,100	5,137	(37)
Medical Supplies	29,400	29,100	29,360	(260)
Other	9,000	880	886	(6)
Capital Outlay - Equipment	17,000	87,821	129,740	(41,919)
Debt Service - Principal	118,000	118,000	118,000	-
Debt Service - Interest	18,000	27,595	13,623	13,972
Total Expenditures	1,461,854	1,538,020	1,576,975	(38,955)
Net Change in Fund Balance	\$ 129,425	\$ 49,426	172,322	\$ 122,896
Fund Balance, Beginning of Year			1,220,049	
Fund Balance, End of Year			\$ 1,392,371	

OTHER SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Schedule of Governing Board
December 31, 2009

Board of Commissioners	Compensation
Leo Casanave P. O. Box 105 Lacombe, LA 70445 (985) 882-7460	\$600
John Dussouy P. O. Box 39 Lacombe, LA 70445 (985) 882-7110	\$450
James Smith 26060 Cloverland Road Lacombe, LA 70445 (985) 882-5132	\$550
Dewey Spies 59233 Pine Bay Lane Lacombe, LA 70445 (985) 882-6861	\$600
Sorola Palmer 28399 Camellia Drive Lacombe, LA 70445 (985) 882-3392	\$600



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 3

We have audited the accompanying financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of St. Tammany Parish Fire Protection District No. 3 (the District), a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2009 - 1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

March 31, 2010

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

2009 - 1 Financial Statement Preparation

Criteria: Management's preparation of the annual financial statements.

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the District's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been fully implemented. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. Generally, no control deficiency would exist where the District possesses or acquires from a source other than the audit firm, a level of understanding necessary to prepare the financial statements and related footnotes and reviews the financial statements and related footnotes in sufficient detail to assume responsibility and prevent and detect misstatements.

Cause: The District's lack of financial complexity.

Effect: Numerous year-end adjusting journal entries.

Recommendation: We have determined that the most cost effective and prudent use of the District's funds is to engage the auditor to prepare the District's annual financial report. As such we feel no action by the District is necessary at this time.

Management's Response: No action will be taken by management at this time.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Status of Prior Year Audit Findings
For the Year Ended December 31, 2009

2008 - 1 Numerous audit entries and inadequate segregation of duties.

The inadequate segregation of duties portion of this finding has been resolved. The numerous audit entries portion has not been resolved from prior year; see "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards."

This finding has been partially resolved. See current year finding 2009 - 1.